Sick small scale industries

*85. DR. K. MALAISAMY: Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

(a) what was the total number of small scale industries existing when the present Government took over;

(b) how many of them have been newly registered during the tenure of present Government up to 31st March, 2008;

(c) how may units have been closed during the tenure of present Government till 31st March, 2008;

(d) how many of them have been revived and restored;

(e) why the progress of revival and rehabilitation of sick units was very slow; and

(f) whether there would be a new package and all out effort to deal with the problem of closure of these units?

THE MINISTER OF MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI MAHAVIR PRASAD): (a) to (f) A Statement is laid on the Table of the House.

Statement

(a) The number of registered and unregistered micro and small enterprises (MSEs) as at the end of March 2004 was estimated to be 17.12 lakh and 96.83 lakh respectively.

(b) The number of MSEs newly registered during the period 1st April 2004 to 31st March 2008 was 6.44 lakh.

(c) and (d) Statistics on the number of closed MSEs is gathered at periodic intervals through All-India Census of MSEs. According to the latest Third All-India Census of MSEs conducted for the reference year 2001-02, 8.87 lakh enterprises were found to be permanently closed out of 22.62 MSEs registered up to 31st March 2001. However, the data on sick MSEs, potentially viable sick MSEs and those put under nursing is compiled by the Reserve Bank of India (RBI) from the scheduled commercial banks. The position for the period from March 2004 onwards is as under:

As at the end of	Number of Sick MSEs	Number of Potentially Viable Sick MSEs	Number of MSEs put under nursing
March 2004	1,38,811	2,385	783
March 2005	1,38,041	3,922	2,080
March 2006	1,26,824	4,594	915
March 2007	1,14,132	4,287	588
March 2008	85,187	4,210	1,262

(e) and (f) The revival/rehabilitation of sick MSEs is undertaken by the primary lending institutions (including commercial banks) in terms of guidelines issued by the RBI from time to time.

For this purpose, the RBI has issued detailed guidelines to banks in January 2002 on detection of sickness in MSEs at an early stage and taking remedial measures and for rehabilitation of sick MSEs identified as potentially viable.

The RBI has also issued guidelines on 8th September 2005 relating to debt restructuring mechanism for Small and Medium Enterprises (SMEs), based on the "Policy Package for Stepping up Credit to SMEs" announced by the Central Government on 10th August 2005.

The Standing Advisory Committee on Flow of Institutional Credit to the MSME sector in RBI had observed in January 2007 that there was considerable delay in rehabilitation/nursing of the potentially viable units, mainly on account of the inability of the promoters to bring in additional contribution. Consequent to this, a Working Group on 'Rehabilitation of Sick SMEs' was constituted to look into the issues and suggest remedial measures so that the potentially viable sick units could be rehabilitated at the earliest. The Working Group has submitted its report to the RBI.

DR. K. MALAISAMY: Mr. Chairman Sir, the importance of small scale industries does not need any emphasis at all. It plays a vital role in the economy of the country, in terms of employment, in terms of export promotion and industrial promotion. To be specific, Mr. Chairman Sir, its contribution to GDP is 6.7 per cent, to industrial production 39 per cent and odd and export share 34 per cent and odd. That is why the UPA Government has rightly envisaged that in respect of small scale industries 1. it should have major promotion package for small scale industries, 2. it should be free from Inspector Raj, 3. it should give full credit, technology support, market support etc.

MR. CHAIRMAN: What is your question?

DR. K. MALAISAMY: Sir, our Industry Committee Chairman is also here. He has given in the reply that during the time of UPA Government the number of sick units on March 2004 was 1.38 lakks, in March 2006 it was 1.26 lakhs, in March 2007 it was 1.14 lakhs and in March 2008 it was 85,000 and odd per year. These are the number of sick units.

MR. CHAIRMAN: What is your supplementary question?

DR. K. MALAISAMY: According to the statement, out of the sick units closed, the potentially viable sick units listed are 2385 in the year...

MR. CHAIRMAN: Dr. Malaisamy, what is the question?

DR. K. MALAISAMY: My question is: as against the viable 2385 units they are able to nurse only 783.

MR. CHAIRMAN: That is not a question. That is a statement. Please raise a question on the answer given.

DR. K. MALAISAMY: So, my specific question to the hon. Minister is: despite the fact that there are viable units, which can be restored, the UPA Government has not done anything on it. What are the reasons for it?

MR. CHAIRMAN: You could have put that question in 30 seconds.

श्री महावीर प्रसाद: माननीय सभापति जी, हमारे डा. मलयसामी जी बड़े विद्वान आदमी हैं। उन्होंने खुद कहा है कि इस सैक्टर के माइक्रो, स्मॉल और मीडियम उद्योग की आर्थिक जगत में बहुत बड़ी महत्ता है। मैं भी यह कहने के लिए तैयार हूं कि आज माइक्रो, स्मॉल और मीडियम एंटरप्राइजेज का हमारे आर्थिक जगत में बहुत महत्वपूर्ण आधार है। इसलिए आज सम्पूर्ण उद्योग जगत में करीब एक करोड़ तीस लाख यूनिट वर्तमान में कार्यरत् हैं। इसमें चार करोड़ बीस लाख लोग रोजगार पाए हुए हैं। जैसा कि माननीय सदस्य ने 34 प्रतिशत कहा है, इस वक्त जब मीडियम एंटरप्राइजेज़ मिल गया तो सम्पूर्ण उद्योग जगत के प्रोडक्शन में आज हमारा शेयर 45 प्रतिशत है, जिसको उद्योग में हम लगाते हैं। इसी प्रकार से हम इस सैक्टर में 40 प्रतिशत निर्यात कर रहे हैं। जहां तक इस सैक्टर को और आगे बढ़ाने की बात है, तो इसमें सरकार लगी हुई है। केन्द्रीय सरकार, रिजर्व बैंक ऑफ इंडिया तथा अन्य जो वाणिज्यिक बैंक हैं, सब मिलकर के हम यह काम कर रहे हैं।

श्री ललित किशोर चतुर्वेदी: ये क्या बोल रहे हैं, जवाब तो आया नहीं है।

श्री सभापति: सुन लीजिए।

श्री महावीर प्रसाद: इस तरह से उद्योगों को रुग्ण होने से बचाने के लिए हमारी सरकार और हम प्रयत्नशील हैं। सभापति महोदय, यह बात सही है कि यह उद्योग राज्य का विषय है, इसके बारे में सभी माननीय सदस्यों को मालूम है। हम पूरक के रूप में काम करते हैं और पूरक के रूप में काम करते हुए 10 अगस्त, 2005 को और 8 सितम्बर, 2005 को भी सरकार ने आरबीआई के माध्यम से सभी बैंकों को दिशा-निर्देश दिए हैं। जैसा कि माननीय सदस्य ने पूछा है, जो बीमार इकाइयां हैं, उनको ठीक करने के लिए हमारी सरकार पूरी शक्ति के साथ लगी हुई है। सभापति महोदय, मैं आपके माध्यम से निवेदन करना चाहूंगा कि राज्य सरकारों को भी इस सैक्टर को बचाने के लिए उन्हें सुरक्षा देनी होगी। ...**(व्यवधान)**...

श्री ललित किशोर चतुर्वेदी: सर, सवाल का जवाब नहीं आया है।

श्री सभापति: आप दूसरा सप्लीमेंट्री सुन लीजिए।

DR. K. MALAISAMY: Sir, I appreciate the interest shown by the hon. Minister. But, at the same time, he has not replied to my question. Anyway, I am passing on to my next supplementary.

Sir, one of the most important reasons for sickness is want of credit to SSI sector. Credit is the most important and vital part in the promotion of SSI. Many industries have fallen sick for want of working capital. The hon. Minister is taking about the Central Government. Now, I come to that. Sir, when it comes to giving credit to the SSI sector, banks are giving less credit. The total loan given to industries is Rs. 5.58 lakh crores. Huge money has been given by way of loan to industrial promotion. And, out of which, only 10 per cent has been given to SSI. What I am trying to say is, of the total credit available in this country, 90 per cent goes to some other industries.

MR. CHAIRMAN: Where is the question?

DR. K. MALAISAMY: Sir, what I am trying to ask the hon. Minister is: If they are really interested to promote small-scale industries, will they not persuade the RBI and will they not do something to see that instead of 10 per cent loan to small-scale sector the banks give 20 per cent or 25 per cent? Secondly,...

MR. CHAIRMAN: Only one question, please.

DR. K. MALAISAMY: Sir, the rate of interest at which loan given to SSI sector is between 8.25 per cent and 13 per cent, whereas, the rate of interest charged to other industries is much low. I am not against large-scale industries. So, to promote the SSI sector, they go up to 10-15 per cent. What are the guidelines? What the Government is going to do in this regard?

MR. CHAIRMAN: What is your question, Mr. Malaisamy?

SHRI SITARAM YECHURY: He is trying to ask, Sir.

श्री महावीर प्रसाद: माननीय सभापति जी, माननीय सदस्य की जो मंशा है, वही हमारी भी मंशा है, भारत सरकार की मंशा है। हम क्रेडिट बढ़ाने के लिए, ऋण को बढ़ाने के लिए अधिक से अधिक प्रयत्न कर रहे हैं। हम इस संदर्भ में वित्त मंत्रालय से सम्पर्क स्थापित किए हुए हैं। हमने इसी संबंध में और आगे बढ़ाने के लिए 8 दिसम्बर, 2008 को माननीय प्रधान मंत्री जी से भी उद्योग संघों के प्रतिनिधियों के साथ बैठक की थी, जिसमें बैंकों के अधिकारी भी उपस्थित थे। हम कोशिश कर रहे हैं कि बैंक्स इस सैक्टर को अधिक से अधिक कम ब्याज दर पर लोन देकर मदद करें, जिससे कि हमारे उद्योग और आगे बढ़ सकें तथा रुग्णता से बच सकें।

SHRI PRAKASH JAVADEKAR: Sir, fortunately, I have done research on sick units in SME sector. The main problem for SMEs is inadequacy of working capital. Sir, 50 per cent of units become sick, because of inadequate finance and un-timely action by banks. If banks take timely action and infuse enough capital, things can change. The other thing is, the large-scale industries always repay their dues very late. There is law. In violation of law, they go on keeping bills pending for 180 days or 200 days. So, my specific question, in this regard, is whether the Minister and the Government will issue instructions to banks to ensure, when the small and medium-scale industries seek loan, that timely and adequate finance is made available to them. Part 'b' of my question is this. Will the Government also ensure that the Act of limitation is strictly implemented where these big industries pay the bills to small industries in time?

श्री महावीर प्रसाद: माननीय सभापति जी, माननीय सदस्य का यह अच्छा मौलिक प्रश्न है। मैंने इस संदर्भ में राज्य सरकारों से भी सम्पर्क स्थापित किया है और इसके लिए एक राज्य स्तरीय कमेटी भी बनी है, जिसमें उद्योग सेक्रेटरी बैठता है और बैंक के लोग भी बैठते हैं, ताकि उनको अधिक से अधिक ऋण उपलब्ध हो, साथ ही रुग्ण होने से भी बचाया जा सके। महोदय, मैंने पहले ही प्रश्न का उत्तर देते हुए बताया था कि इसमें राज्य सरकार की भी उपयोगिता है और वह इसमें मदद करती है। जैसा कि माननीय सदस्य ने पूछा है, जहां तक क्रेडिट बढ़ाने की बात है, पानी देने की बात है, सुरक्षा की बात है और अन्य आधारभूत संसाधनों की बात है, सारी चीजें राज्य सरकार के द्वारा की जाती हैं। भारत सरकार ने राज्य सरकार के आधार पर मंत्रालय के सेक्रेटरी के साथ मिलकर एक कमेटी बनाई है और हम निगरानी के रूप में इस तंत्र को मज़बूत कर रहे हैं, ताकि हम अधिक से अधिक उद्योगों को बचा सकें और उनका संवर्धन कर सकें।

श्री प्रकाश जावडेकर: महोदय, मैंने जो सवाल पूछा है, उसका जवाब नहीं दिया है, मैंने पूछा है कि क्या सरकार नए सिरे से बैंकों को यह निर्देश जारी करेगी, कि timely and adequate finance is the responsibility of banks. जो कानून बना है कि बड़े उद्योग अपने-अप्छोटे एन्सिलरी को और बाकी को, बिल का समय पर भुगतान नहीं करते, उनको समय पर भुगतान करने के लिए मज़बूर करें, क्या आप इसके बारे में नए सिरे से निर्देश जारी करेंगे, यह स्पेसिफिक क्वेश्चन है?

श्री सभापति: आप हां या ना में जवाब दे दीजिए।

श्री महावीर प्रसाद: सभापति महोदय, इस संदर्भ में एक कमेटी बनर्जी की अध्यक्षता में बनी है और उस कमेटी के आधार पर यह रिपोर्ट तैयार की गई है। अब उस रिपोर्ट का अध्ययन किया जा रहा है, इसलिए उस अध्ययन के आधार पर, जो माननीय सदस्य की मंशा है, हम उस पर विशेष ध्यान देने की कोशिश करेंगे।

PROF. P. J. KURIEN: Sir, I agree that the Government is doing a lot in this sector. But much more work has to be done because this is a very vital sector for our economy. When it comes to the rehabilitation of the potential and viable sick units, the progress is, I think, not satisfactory. The Government itself had appointed a Working Group to study the reasons for delay in rehabilitation of potential and viable sick units. This Working Group was appointed in 2007. The Minister, in his reply says that only the report has been submitted. It is a matter of just three months to get report and take action. But, here, two yeas have lapsed and only report is submitted. What does it show? This is not a satisfactory situation. I would like to know why so much delay is taking place in taking action with regard to rehabilitation of potential and viable sick units. You have already got the report. Will you take immediate steps to implement the recommendations of the report?

श्री महावीर प्रसाद: सभापति जी, मैंने अभी-अभी उत्तर दिया है कि एक कमेटी बनी है और उसकी रिपोर्ट आ गई है। उस रिपोर्ट का अध्ययन हो रहा है और अध्ययन करने के बाद ही उस पर कार्यवाही की जाएगी।

SHRI TAPAN KUMAR SEN: Mr. Chairman, Sir, the Government is not doing anything for the small scale sector and that is very clear from the Minister's written reply. Out of 85,187 sick units, it is mentioned that only 4,200 are potentially viable, thereby, announcing death warrants for around 81,000 small scale units. There is a specific provision in the law which prevents the small scale units from suffering due to non-payment of bills from their big industry suppliers, to whom they supply. Despite there being a special provision of law, the Government has not taken any concrete step to implement that, although the Bill was passed as early as 2006.

MR. CHAIRMAN: What is the question?

SHRI TAPAN KUMAR SEN: Sir, he has mentioned in his reply that it is not viable to finance them because the small scale industries cannot make additional contribution to become entitled for taking loans. My point is that the small scale industries go for loans as the last resort. That is why, their contribution to the banks is low.

MR. CHAIRMAN: What is the question? Please come to the question.

SHRI TAPAN KUMAR SEN: Sir, I am coming to the question. My question is this: Is the Government thinking of changing the rules so that the small scale industries are not required to make additional contributions for being entitled to take loans? This is the first question. The second question is this. Will they shed the inhibition of not interfering with the big industries, who are all their friends? This will ensure that small scale sector does not suffer due to non-payment of their bills.

श्री महावीर प्रसाद: माननीय सभापति जी, अभी-अभी मैंने कहा कि के.सी. चक्रवर्ती की अध्यक्षता में सरकार ने एक कमेटी गठित की है, उसकी रिपोर्ट आ गई है, रिपोर्ट अध्ययन हो रहा है। माननीय सदस्य की जो मंशा है कि हम बड़े उद्योगों पर कैसे कंट्रोल करेंगे, उस कमेटी में सब आ रहा है, उसके बाद इसकी कार्यवाही होगी। मैं समझता हूं कि इससे काफी मदद मिलेगी।